

Recycling Market Development Zones First Decade, Future Possibilities

by Joyce Mason

Since 2001 and our last series of articles in CalMAX about the Recycling Market Development Zone (RMDZ) program, RMDZ has reached a real milestone. The first zones have come up for their 10-year renewals in this ongoing effort to close the recycling loop by giving incentives to recycled-content product manufacturers. Now that we have over a decade of experience, it's a great time to look back—to see what we have accomplished and to consider what we still could accomplish. But first, a little history ...

History. The statute creating the RMDZ program allowed local jurisdictions to apply to become a zone, if the designation would help them attract private investments in the local recycling infrastructure. A one-of-a-kind niche manufacturing program, RMDZ gives special incentives within defined geographic areas. Jurisdictions competed to become RMDZs over several years, beginning in 1993. Each offered local resources they could combine with State-level incentives to create a tandem package of recycling business assistance services.

Trio Partnership. In this way, the two levels of government, local and State, join in a three-way partnership with business to boost the availability of recycled-content products. Everyone wins. Local governments benefit from increased diversion, the ability to market their recyclables, and the increased jobs and sales created by recycling-based manufacturing. Typical incentives offered locally include regulatory and financial incentives, such as streamlined permitting and local grants, and siting assistance.

State incentives are low-interest loans, loan insurance, referrals to other types of grants and financing; and a myriad of technical assistance such as help finding feedstock, marketing recycled products, networking, and advocacy. Both The Integrated Waste Management Act (AB 939) and its diversion requirements and the RMDZ program are mandates that complement each other; and State government is a primary player in meeting both the diversion and market development goals targeted by the Legislature.

Businesses—our customers—are the biggest winners. They sell the products many government agencies with buy-recycled

mandates need. The businesses also accommodate a growing number of companies whose corporate culture calls for meeting high environmental standards.

Loan Program Results. Most program participants view the RMDZ loan as the central incentive in the RMDZ program package. Numerous enhancements during its first decade have resulted in a more responsive and popular loan program. Compared to the early years, businesses now qualify for higher lending limits, a higher limit on maximum percentage of a project that qualifies, shorter loan processing time, continuous applications, streamlined documents, and reduced fees.

These are the grand total loan program results, as of August 2003:

- 127 loans
- \$75,258,605 lent
- 3,539,356 tons diverted from landfills
- 1,496 jobs created

Business Assistance Results. Most businesses assisted by the RMDZ program are small- to medium-sized companies. Because of the developmental curve needed to start a new business or to make a major

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change in an existing one, the RMDZ program provides more technical than financial assistance—yet both are essential to success. On the technical assistance (Zones) side of the program, our slogan is “Money’s not the only carrot in the bunch”. Since the program’s inception the RMDZ program has provided non-financial assistance to hundreds of companies that divert nearly 50 million tons per day and provide more than 4,900 jobs in their local communities.

Like the loan program, there have been many new business assistance enhancements designed to create more products from diverted materials:

Investor Forums. The Board has sponsored three forums to date with significant results to help our recycling-based businesses find investment partners. In the first two forums alone, more than 31 percent of the companies participating received \$7.5 million in investments.

RecycleStore. This online catalog for recycled products made in the RMDZs showcases their products at www.recyclestore.com. It provides free marketing for more than 50 manufacturers currently participating and resulted in more than \$800,000 in sales during the first year.

Economic Gardening. RMDZ recently launched a pilot program based on a successful concept that still gets great results in Littleton, Colorado.¹ “Economic gardening” (EG) is based on the fact that 85 percent of a community’s economic base comes from existing businesses. EG focuses on helping those tried-and-trues thrive, rather than concentrating on the traditional priority of economic development to attract new businesses.

EG’s key concept is to grow local businesses and to keep them healthy and strong. To that end, economic gardening mines information from a variety of specialized databases for very direct and practical help. This includes helping a company market its products or services, helping them find feedstock, or whatever else is needed to magnify success.

Field-tested in the RMDZ program for a year, the preliminary results are promising toward making economic gardening an ongoing part of our program in the future.

Jobs Through Recycling (JTR) 98. JTR is a wrap! A recently completed pilot program for developing regional markets for recyclables in Alameda County, it resulted in 100 jobs, 9 new businesses, and over 140,000 tons per year (TPY) of diversion, with more than 200,000 TPY planned. Best of all, it is a template for creating a regional recycling marketplace and similar success in any community. (See page Insert page 4 for more details.)

RMDZ in Transition. As the RMDZ program matures, even with its many accomplishments, it is not without challenge. The loan program is due to sunset in 2006, and in legislative terms, that’s just around the corner. Besides the potential to extend the sunset date, the Board has been considering or acting on various alternatives toward making the loan fund more sustainable. These options include a loan sale, which it has done successfully in the past, and leveraging a portion of the annual loan funds by depositing them into the State Loan Guarantee Fund. This action would result in \$4 for every \$1 invested and make the additional loan funds available through traditional banking sources.

Also challenging is the current fiscal climate in the State and the special barriers facing California businesses—high energy and workers compensation costs. Yet even in these tough times, the RMDZ program has been recognized as a shining light. In an August 27, 2003, article in the *Los Angeles Times*, an RMDZ program participant from Burbank, who makes highway signs and hardware, calls access to loans like the RMDZ “... the great part about California.”²

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The Time is Right for “Re-” Words ... to *reflect* on what we’ve learned, to *reconsider* what’s not working, and to *redesign* our program as the Board’s mission evolves from 50 percent diversion to zero waste. It’s time to *renew* our commitment and *rejuvenate* our efforts, evolving with California through interesting times. If the creativity and results of the RMDZ program so far are any indicator, the future possibilities are more than encouraging.

¹ For summary of Littleton’s program, visit www.newvillage.net/Journal/Issue2/2littleton.html, *Littleton, Colorado: A Self Reliant Community in the Global Age* by Christian Gibbons in *NewVillage*, a publication on building sustainable communities, Issue 2, Spring 2000.

² Editorial: “Despite Thorns, State Is Still Fertile Ground,” by James Flanigan.

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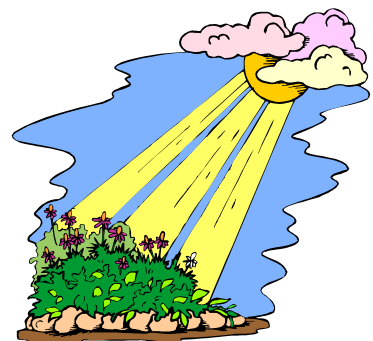
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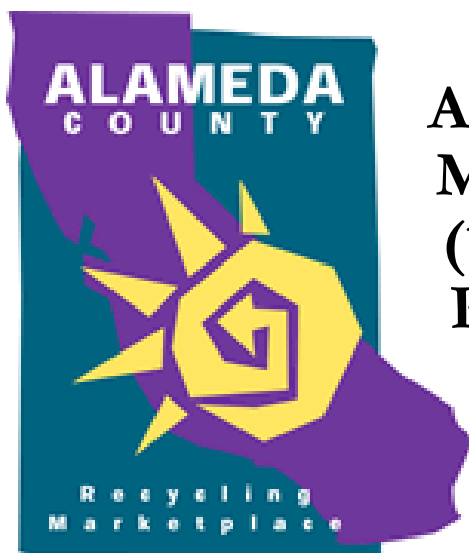
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Alameda County Recycling Marketplace (1998 Jobs Through Recycling Project)

by Rob Baumann

Overview

The Alameda County Recycling Marketplace (Marketplace) has helped in establishing recycling businesses in close proximity to the major sources of postconsumer feedstock in Alameda County, including a large materials recovery facility. Also known as the 1998 Jobs Through Recycling Project or "JTR," the Marketplace fulfills one of the California Integrated Waste Management Board's market development strategies — to ensure that appropriate local and regional markets exist for materials diverted from solid waste facilities. Administered by the Board's Recycling Business Assistance Branch (home of the Recycling Market Development

Zone program) the JTR/Marketplace was funded primarily by the U.S. Environmental Protection Agency. The Marketplace is one of U.S. EPA's many Jobs Through Recycling grant projects and the third one awarded to the Board. The objective of all JTR projects is to maximize the joint benefits of economic development and diversion.

These benefits have been brought to Alameda County businesses through the synergy of a variety of state and local partners. Their careful selection and ongoing participation creates a recycling-friendly place to do business through an interconnected resource pool. The overall intent of the project was to demonstrate clear environmental and economic benefits of establishing regional

markets in Alameda County to recycle locally generated wastes. The partner pool was able to "cut red tape" to make it easy for businesses to get started and get the help they needed to thrive.

The stakeholders for the project included the California Integrated Waste Management Board, a major waste collector and materials processor, two non-profit entities with expertise in recycling-based industries, a nonprofit with expertise in assisting small- and medium-sized businesses, and local government entities that promote waste diversion and local economic development.

Accomplishments

The grant aspect of this program expired as of September 30, 2003. However, the project lives on in the businesses sited under

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the project that continue to use recyclables in their manufacturing. Many of the partners in this project provide business assistance to recycling-based businesses that are considering Alameda County as a location. Additionally, the Alameda County Eco-Industrial Park, located at the Davis Street Transfer Station in San Leandro is presently recruiting recycling-based businesses to site at this location.

Two comprehensive reports on the benefits of the Alameda County Recycling Marketplace project are now available through the California Integrated Waste Management Board; one is the "Benefits of Regional Recycling Markets: an Alameda Study," and the other a case study of the project. (To obtain a copy of these reports, once available, please see the contact information found at the end of this article.)

As a result of this collaboration and an initial grant of \$200,000 from the U.S. EPA and subsequent augmentation of \$50,000 from the California Technology, Trade and Commerce Agency, the Alameda County Recycling Marketplace project has had a significant impact on waste diversion in Alameda County.

To date, the efforts of the project's stakeholders have resulted in the siting of nine businesses that divert more than 140,000 tons of solid waste per year (planned diversion for these businesses is estimated at 209,000 tons of diversion per year at peak capacity), and the creation of 100 new jobs.

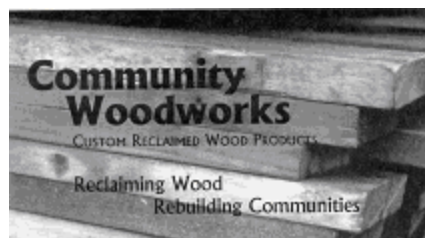
A few examples of Marketplace-assisted businesses include:

Bay Area Tire Recycling - A tire crumbing business located on the premises of the Davis Street Transfer Station in San Leandro. The company is able to

process 1.4 million scrap tires per year, producing 20 million pounds of crumb rubber. Much of this is

processed to become asphalt rubber, while the remaining is used for playground safety surfaces.

Community Woodworks - This company specializes in reclaimed wood, milling lumber from deconstructed buildings, producing



flooring, furniture, and remilled lumber. The company is sited on the former Oakland Army Base. Many of the deconstructed buildings from which the company reclaims wood are from closed military bases in the East Bay.

St. Vincent de Paul - A non-profit organization that processes mattresses, box springs, couches, recliners, and hide-a-beds, producing polyurethane foam, shredded spring steel, shredded mixed fiber, and shredded wood. St. Vincent de Paul plays an important role in diverting this problematic waste from our landfills.

Marketing the Alameda County Recycling Marketplace Project

The Alameda County Recycling Marketplace has proven to be an effective public/private partnership in the effort to increase recycling in California. This success story will serve as a model for other jurisdictions to emulate within the State of California. The two reports outlining the benefits of the project will be widely circulated to promote other projects of this type. For more information, call Rob Baumann at (916) 341-6526, or e-mail him at rbaumann@ciwmb.ca.gov